

★ GOVERNOR'S BUSINESS
COUNCIL ★

Senate Committee on Higher Education

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Presentation by:

Woody L. Hunt
Chairman
Governor's Business Council

Aims McGuinness, Ph.D.
Senior Associate
NCHEMS

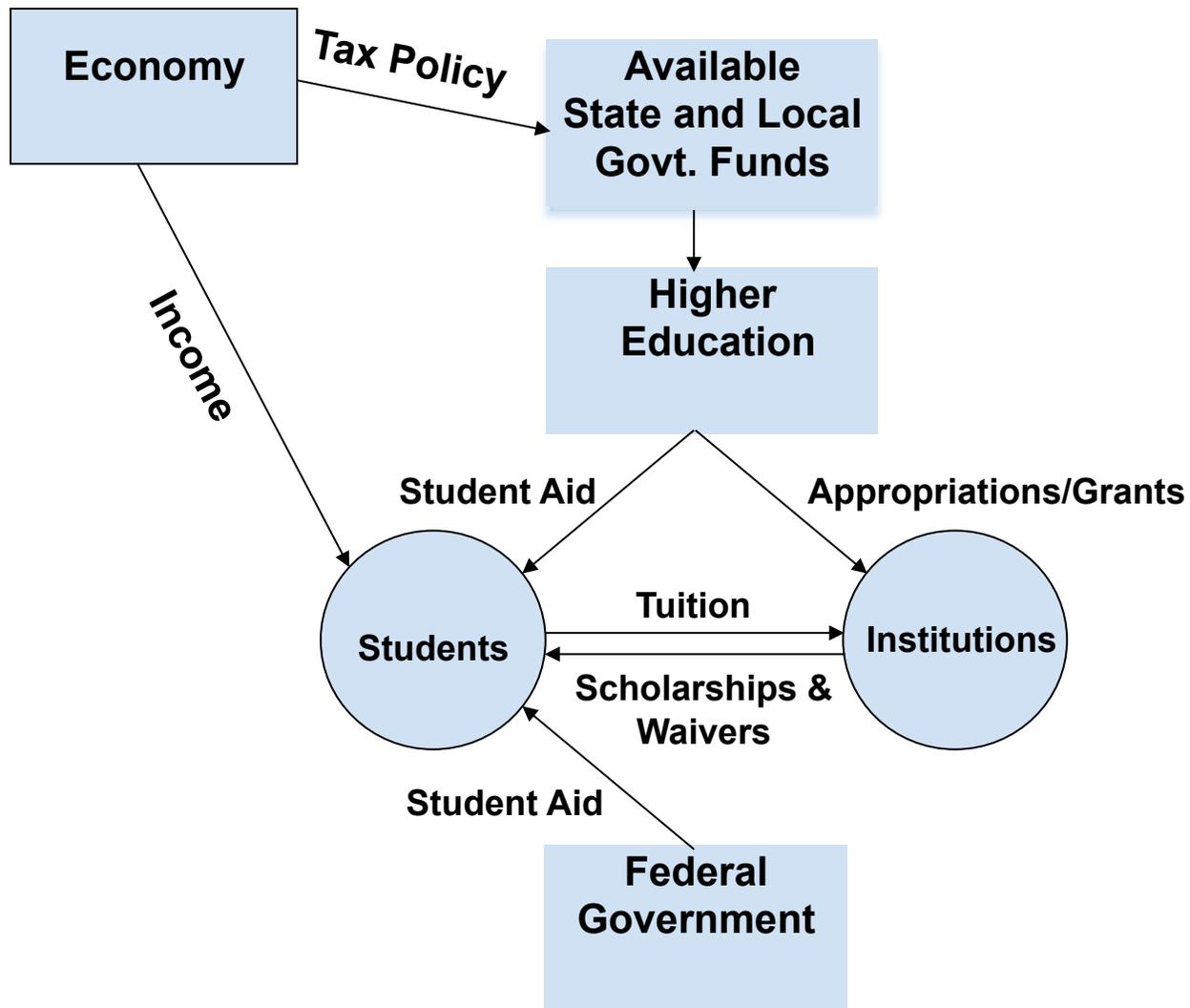
515 Congress Avenue, Suite 1780
Austin, Texas 78701

512-481-0525
yancy@texasgbc.org

Finance Policy is the Strongest Lever for Change

Must Use Both Appropriations to
Institutions and State Student
Financial Aid

The Flow of Funds - State



Recommendations for Short Term Actions

Institutional Funding

- Continue to Reward Four-year Institutions for Improved Performance (i.e. Producing More Graduates)
- For Example, Institutionalize and Increase Current Incentive Funding Program

Institutional Funding (Continued)

- For Community Colleges, Allocate a Portion of Formula Funding on Basis of Results Achieved:
 - Increase in Program Completion
 - Completion of Intermediate Milestones, Known As Momentum Points, Proven to Lead To Ultimate Completion (e.g., Successful Completion of Developmental Education, a College-level Math Course, 15 And 30 Hours, Degree or Certificate, and Transfer to a Four-year Institution)

Student Financial Aid

- Continue to Focus TEXAS Grant Program on Rewarding Needy Students Who Complete a Rigorous High School Curriculum
- Add a Results-Oriented Feature to Texas Grant Program, such as the THECB's Priority Model, which Increases Likelihood of Degree Completion

Developmental Education

- Reform Developmental Education to Improve the Chances for Student Success and Reduce Costs for Students and the State
- Continue to Support Expansion of Course Redesign and Delivery Models

College Going Culture

- Increase Participation and Success
- Commend the Efforts of the Coordinating Board and the Generation Texas Campaign

Recommended Longer-Term Actions

Prior to 2013 Legislative Session

Prior to 2013 Session

- Direct the THECB to Complete An In-depth Review of the State's Higher Education Finance Mechanisms and Recommend Comprehensive Changes to the State's Financing Model to:
 - Align Finance Policy with State Goals
 - Providing Incentives for Improved Productivity And Efficiency

Prior to 2013 Session

- Direct the THECB to Develop a Strategic Investment Plan for Meeting Student Demand:
 - Increasing Productivity of Existing Institutions
 - Making Greater Use of Community Colleges as Producers of Degrees and Certificates
 - Reducing Costs and Increasing Success in Lower Division Course Completion
 - Adding Capacity to Existing Institutions
 - Creating New Types Of Institutions Such As On-line Institutions Designed To Deliver Only Online Programs or No-Frills Institution

Final Thoughts

- The GBC Fully Recognizes the Challenges Facing the Legislature in Difficult Fiscal Conditions
- Support the Continuation of Reforms already Underway that Incentivize the System